

who give do so well within the law and with the best of motives; they really believe in what they're doing—on both sides. And what we need to do is find out whether there are any systematic flaws here that need to be addressed and address them. But in the end, I'm telling you, no matter what this hearing uncovers, in the end, if you want to get rid of—if you want to turn cynicism back into skepticism, you have to pass McCain-Feingold or some other acceptable campaign finance reform.

Mr. Cannon [Carl Cannon, Baltimore Sun]. I'll take one more question.

Capital Gains Taxes

Q. Mr. President, in Chicago the day you gave your acceptance speech at the convention, you unveiled a plan in which homeowners would not have to pay virtually any capital gains taxes. We haven't heard much about it since then. And my question is, is that going to be in your budget, that proposal, and will you go a little further if the Republicans want to do a little more on capital gains?

The President. The answer is, yes, my homeowners exemption, capital gains exemption is in the budget. Everything I talked about at Chicago is in the budget. And the capital gains

issue has never been a particularly high priority with me because I've never seen it demonstrated as a big engine of economic growth overall and because I thought the previous—as you know, this is nothing new—the proposal that the Republicans made in their budget I thought was entirely excessive and would really almost squander money by having it be retroactive.

But what I've—I have tried to practice what I preach here. I want to keep our powder dry; I want them to keep their powder dry. I will present a budget. I know what my priorities are. I know what theirs are on the taxes. And then what we need to do is to meet each other in good faith. This and all other issues can best be resolved by an early attempt to work through to a balanced budget agreement.

Thank you very much.

NOTE: The President's 134th news conference began at 2:30 p.m. in the East Room at the White House. In his remarks, he referred to former Senator Bob Dole, 1996 Republican nominee for President; Prime Minister Binyamin Netanyahu of Israel; Chairman Yasser Arafat of the Palestinian Authority; King Hussein I of Jordan; and President Hosni Mubarak of Egypt.

Preface to the Report Entitled "Support for a Democratic Transition in Cuba"

January 28, 1997

The promotion of democracy abroad is one of the primary foreign policy objectives of my Administration. These efforts reflect our ideals and reinforce our interests—preserving America's security and enhancing our prosperity. Democracies are less likely to go to war with one another or to abuse the rights of their peoples. They make for better trading partners. And each one is a potential ally in the struggle against the forces of hatred and intolerance, whether rogue nations, those who foment ethnic and religious hatred, or terrorists who traffic in weapons of mass destruction.

Today, freedom's reach is broader than ever. For the first time in history, two thirds of all nations have governments elected by their own people. As newly democratic nations have left

the dark years of authoritarian government behind, millions of their citizens around the world have begun to experience the political and economic freedoms that they were so long and so wrongfully denied.

Creating open societies and democratic institutions and building free markets are major tasks that call for courage and commitment. To face these challenges, many democratizing and newly democratic governments have turned to developed democratic nations and international institutions for assistance and support. The United States has been at the forefront of these efforts, lending help in numerous areas in which we have long experience—for example, building democratic institutions and the institutions of a market economy, and protecting human rights

through an effective and impartial justice system.

Cubans, like the other peoples of this hemisphere, of Eastern Europe, and of the former Soviet Union, desire to be free. The United States is committed to help the Cuban people in a transition to democracy. We will continue working with others in the international community who share our desire to welcome Cuba into the ranks of prosperous democratic nations, where it will proudly join the other thirty-four countries in this hemisphere.

This document outlines the assistance that a democratizing Cuba is likely to seek during its transition, and the ways in which the United

States and the international community will try to help. It draws from the experiences of other countries that have embarked upon similar transitions and highlights some of the lessons learned from those processes. It is my sincere hope that it will contribute to a better understanding of the international community's potential role in a transition to democracy and underscore the strong commitment of the American people to support the Cuban people when they embark upon that process of change.

WILLIAM J. CLINTON

NOTE: An original was not available for verification of the content of this preface.

Letter to Congressional Leaders Transmitting the Report Entitled "Support for a Democratic Transition in Cuba"

January 28, 1997

Dear Mr. Chairman:

Pursuant to section 202(g) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (Public Law 104-114), I hereby transmit to you a report concerning assistance to a free and independent Cuba, entitled "Support for a Democratic Transition in Cuba."

The report includes an addendum of indicative roles for various agencies of the United States Government. This is for internal United States Government use and is not intended for publication. The remainder of the report will be translated into Spanish to be communicated

to the Cuban people pursuant to section 202(f) of the Act.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Jesse Helms, chairman, Senate Committee on Foreign Relations; Ted Stevens, chairman, Senate Committee on Appropriations; Benjamin A. Gilman, chairman, House Committee on International Relations; and Robert L. Livingston, chairman, House Committee on Appropriations.

Message to the Senate Transmitting the Thailand-United States Taxation Convention With Documentation

January 28, 1997

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention Between the Government of the United States of America and the Government of the Kingdom of Thailand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Bangkok, Novem-

ber 26, 1996. An enclosed exchange of notes, transmitted for the information of the Senate, provides clarification with respect to the application of the Convention in specified cases. Also transmitted is the report of the Department of State concerning the Convention.